# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:3170
ANSWERED ON:07.12.2007
OPENING OF BRANCHES OF COOPERATIVE BANKS
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**Will the Minister of FINANCE be pleased to state:**

(a) whether the Government has agreed to allow foreign banks to open 20 branches a year in the country as against 12 now;

(b) if so, the facts thereof;

(c) whether the Government is not allowing even to strong cooperative banks to open a single branch;

(d) if so, whether any restriction has been imposed in this regard; and

(e) if so, the reasons therefor?

## Answer

THE MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b) :In the `Road Map for presence of foreign banks in India` issued by the Reserve Bank of India (RBI) on 28.02.2005, it is proposed to go beyond the existing World Trade Organisation(WTO) commitment of 12 branches in a year for new and existing foreign banks and to follow a more liberal policy for under-banked areas. However, the applications of foreign banks for opening of their branches/ offices in India are considered by RBI / Government on merit under the applicable laws, regulations, norms and procedures.

(c) to (e): Applications of the State Cooperative Banks (SCBs) for opening of branches in terms of provisions of Section 23 of the Banking Regulation Act, 1949 are examined by RBI depending upon the merits of the case. As regards District Central Co-operative banks, the power to allow opening of branches rests with the Registrar of Co-operative Societies of the respective States.

Further, in view of the regulatory co-ordination brought about through signing of Memorandum of Understanding (MoU) between RBI and the respective State Governments, and based on the positive experience of the Task Force for Co-operative Urban Banks, RBI has announced in the Annual Policy Statement for the year 2007-08 to consider granting of branch licences to well managed and financially sound Urban Co-operative Banks (UCBs) in such States, on fulfilling certain parameters. Accordingly, RBI has issued a Circular on 4th July, 2007 relaxing the branch licensing policy for UCBs. The circular is available at RBI website www.rbi.org.in.